

Refinanced Lites and AOTC's and Sunset

Hundreds of Lites, “failed” Lites, and Actions Other Than Closing (AOTC's) have been refinanced mostly at market rents in the last 5 or 6 years.

1. Because they met the three eligibility criteria (FHA insured or HUD Held mortgage, Project based Section 8, and rents above market) at the initial post MAHRA renewal date the properties remain eligible to restructure until Sunset (i.e. “Once eligible, always eligible”).
2. They also are subject to the five-year RCS process and could be subject to contract rents being marked down to market. This was provided for in the Extension Act of 2001 and is the only provision in the statute, which does not Sunset.